

Cap and Tax: A New Welfare Program?

While American families are already struggling to pay the bills and gas prices are on the rise, liberal lawmakers in Washington like Nancy Pelosi and Henry Waxman are working overtime to enact a massive new energy tax that will drive up costs and kill jobs in this country. I believe a healthy environment and a healthy economy can go hand in hand, but this new "cap and tax" approach is the wrong approach.

Through conservation, responsible production of American sources of energy, and most importantly, the genius and ingenuity of the American people, we can create the clean, renewable energy options of tomorrow.

But, the Waxman cap and tax legislation will increase costs for American consumers and American employers. Companies that can pass these higher costs on in the form of higher prices will do so. Other companies that cannot raise prices because of foreign competition will have to slash jobs.

The proponents of this scheme claim they will take the revenues they collect (the taxes) and redistribute them to some people to offset their increased energy bills. The fact is, consumers are going to pay more for everything, but some will pay the higher rates with government subsidies and others will not. It sounds more like a new welfare program than a legitimate attempt to address global warming.

Our national security is in jeopardy if we lose our manufacturing base. In this legislation, some industries are exempt from paying for all their carbon credits, but some will not earn the exemption status -- like Eastman Chemical. Eastman is in a highly competitive global industry and cannot raise costs to offset these new requirements. This will result in job loss for Eastman and other companies like it.

We cannot be in a position where we must order all of our steel and aluminum from China -- yet that is a reality under this scheme. If we take the wrong legislative path dealing with climate change, we run the real risk of permanently destroying our manufacturing and defense supply chains. In times of crisis, we will be dependent on other countries like China, and I can tell you without hesitation, that I am not comfortable with that arrangement.

So why are we doing this? Supposedly to lower carbon dioxide and other greenhouse gas emissions. But here's the problem -- by design, a cap and tax scheme works by adding to the cost of energy and through that an increase in production costs for energy intensive industries and manufacturing. There are cost containment mechanisms that may help mitigate some of the increases, but at the end of the day, they won't be enough to save these jobs. And when factories move overseas, it negatively effects the environment.

Take the steel industry for example -- in the United States, steel producers are the most efficient in the world. On average, American steelmakers emit 1.2 tons of greenhouse gases per ton of steel. Compare this to Chinese steel emissions estimated to be in the neighborhood of 4 to 5 tons of greenhouse gases per ton of steel. We're not helping the environment by sending industries that operate cleanly and efficiently in the United States to a regulation free China. China is the number one emitter in the world, with the growth alone in their greenhouse gas emissions every year equaling the current total output of Germany.

Cap and tax is not our only option. It is possible to pursue policies that will both help the environment and the economy. By design, cap and tax can only hurt the economy while providing a questionable environmental benefit. Additionally, the United States cannot go it alone in the effort to cut greenhouse gases. Absent a global agreement that includes the heavy emitting developing countries, cap and tax will only send energy costs up while sending employment numbers down.

I am a strong advocate for protecting our environment and I support conservation. But enacting misguided policies like the so-called American Clean Energy and Security Act will have some serious ramifications on our already struggling economy.

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